

Energy Efficient Home Credit

► Attach to your tax return.

OMB No. 1545-1979

2005
 Attachment
 Sequence No. **153**

Identifying number

Caution: This form may only be filed for fiscal years ending in 2006.

1a Enter the total number of qualified energy efficient homes meeting the 50% standard that were substantially completed after August 8, 2005, and sold after December 31, 2005 (see instructions) 1a _____ b Multiply line 1a by \$2,000	1b							
2a Enter the total number of qualified energy efficient manufactured homes meeting the 30% standard that were substantially completed after August 8, 2005, and sold after December 31, 2005 (see instructions) 2a _____ b Multiply line 2a by \$1,000	2b							
3 Form 8908 credits from pass-through entities: <table border="1" data-bbox="438 588 1153 682"> <tr> <td>If you are a—</td> <td>Then enter the Form 8908 credits from—</td> </tr> <tr> <td>a Shareholder</td> <td>Schedule K-1 (Form 1120S) box 13, code U</td> </tr> <tr> <td>b Partner</td> <td>Schedule K-1 (Form 1065) box 15, code U</td> </tr> </table>	If you are a—	Then enter the Form 8908 credits from—	a Shareholder	Schedule K-1 (Form 1120S) box 13, code U	b Partner	Schedule K-1 (Form 1065) box 15, code U	3	
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a Shareholder	Schedule K-1 (Form 1120S) box 13, code U							
b Partner	Schedule K-1 (Form 1065) box 15, code U							
4 Current year credit. Add lines 1b, 2b, and 3. Enter the total here and on line 1t of Form 3800. Exception: S corporations and partnerships, see instructions.	4							

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Eligible contractors use Form 8908 to claim a credit for **each** qualified energy efficient home sold in 2006. The credit (\$2,000 or \$1,000) is based on the energy saving requirements of the home.

The energy efficient home credit is part of the general business credit. No portion of the unused credit may be carried back to any tax year ending before 2006. If you cannot use all of the credit for 2005 because of the tax liability limit, you may carry the unused credit forward up to 20 years. See *Carryback and Carryforward of Unused Credit* in the instructions for Form 3800, General Business Credit. See section 45L for more information.

Who May Claim the Credit

Eligible contractors may claim the credit for new energy efficient homes that are substantially completed after August 8, 2005, and acquired by an individual from that contractor after December 31, 2005, for use as a residence.

Definitions

Eligible Contractor

An eligible contractor is:

- The person who constructed the qualified new energy efficient home or
- In the case of a qualified new energy efficient home that is a manufactured home, the manufactured home producer of the property.

Qualified New Energy Efficient Home

A qualified new energy efficient home is a dwelling unit located in the United States, whose construction is substantially completed after August 8, 2005, which is certified and meets certain energy saving requirements, discussed next. Construction includes substantial reconstruction and rehabilitation.

Energy Saving Requirements

The amount of the credit is based on the extent to which each new energy efficient home meets the energy saving requirements discussed below.

50% energy efficient standard. The credit is \$2,000 for a dwelling unit that is **certified** to have an annual level of heating and cooling energy consumption at least 50% below the annual level of heating and cooling energy consumption of a *comparable dwelling unit* and has building envelope component improvements that account for at least 1/5 of the 50% reduction in energy consumption. A manufactured home meeting the requirements described above and the Federal Manufactured Home Construction and Safety Standards (FMHCSS) requirements (see 24 CFR section 3280) is also eligible for the \$2,000 credit.

Comparable dwelling unit. A comparable dwelling unit:

- Is constructed in accordance with the standards of chapter 4 of the 2004 Supplement to the 2003 International Energy Conservation Code and

- Has heating and cooling equipment efficiencies meeting the minimum allowed under the guidelines established by Congress under the National Appliance Energy Conservation Act of 1987 in effect at the time the dwelling unit is completed. See Department of Energy guidelines at 10 CFR 430.32.

30% energy efficient standard. The credit is \$1,000 for a manufactured home that does not meet the 50% energy saving requirement but is **certified** to have an annual level of heating and cooling energy consumption at least 30% below the annual level of heating and cooling energy consumption of a *comparable dwelling unit* (discussed above) and:

- Meets FMHCSS requirements,
- Has building envelope component improvements that account for at least 1/3 of the 30% reduction in energy consumption, or
- Meets the current requirements established by the Administrator of the Environmental Protection Agency under the Energy Star Labeled Homes program.

Certification

The certification must be in writing in accordance with guidance prescribed by the IRS, in consultation with the Department of Energy. The guidance will prescribe the energy efficient building envelope components, energy efficient heating or cooling equipment installed, and their respective rated energy efficacy performance. The guidance will also specify procedures and methods for calculating energy and cost savings. The IRS expects to issue the guidance in early 2006.

Specific Instructions

Note. If you only have a credit allocated to you from a pass-through entity, skip lines 1 and 2, and go to line 3.

Line 1

For each home substantially completed after August 8, 2005, and sold during the tax year after December 31, 2005, that meets the 50% energy efficient standard, the allowable credit is \$2,000.

Reduce the expenses incurred in the construction of each new home by the amount of the credit. Expenses taken into account for either the rehabilitation or energy components of the investment tax credit may not again be considered in determining the energy efficient home credit. See section 45L(e).

Line 2

For each home substantially completed after August 8, 2005, and sold during the tax year after December 31, 2005, that meets the 30% energy efficient standard, the allowable credit is \$1,000.

Reduce the expenses incurred in the construction of each new home by the amount of the credit. Expenses taken into account for either the rehabilitation or energy components of the investment

tax credit may not again be considered in determining the energy efficient home credit. See section 45L(e).

Line 3

Enter the amount of credit that was allocated to you as a shareholder or partner.

Line 4

Report the current year credit on line 11 of Form 3800 to determine your allowable credit for the current year. Attach both Forms 3800 and 8908 to your tax return.

S corporations and partnerships. For other partnerships and S corporations, report each shareholder's or partner's share of the credit on Schedule K-1. Electing large partnerships include this amount in "general credits."

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is

subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping 2 hr., 9 min.

Learning about the law or the form 12 min.

Preparing and sending the form to the IRS 14 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.